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## Chapter 1 - Introduction

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### **1.20      How to Use This Manual**

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### **1.30      Code of Ethics for Government Financial Stewards**

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## **1.10**

### **About the Manual**

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#### **1.10.10 Policies in this manual are minimum standards**

The purposes of this manual are: 1) to provide control and accountability over financial and administrative affairs of Maine State Government, and 2) to assist agencies in gathering and maintaining information needed to prepare financial statements.

The policies and procedures in this manual are the minimum requirements that State agencies must meet. An agency may adopt additional policies and procedures in greater detail, or use additional or alternative supporting documentation, as long as the agency meets the required minimum standards.

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#### **1.10.20 Authority for these policies**

The Office of the State Controller is required by Title 5, Chapter 143, Section 1541 to maintain the official system of accounts. It is the policy of the State Controller to establish a Generally Accepted Accounting Principles (GAAP)-based accounting system and procedures, as necessary, to provide for accountability of the State's assets and compliance with its laws and regulations.

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#### **1.10.30 Applicability**

All agencies of the State of Maine must comply with this manual, unless otherwise exempted by statute.

Agencies may request a waiver from complying with specific requirements of this manual. Refer to Subsection 1.10.40 for information on how to request a waiver.

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**1.10.40****How do I request a waiver to a policy?**

Agencies may submit a written request for a waiver from complying with specific requirements of a policy. The request must be approved in writing by OSC before the waiver takes effect. Waivers automatically expire at the end of the fiscal biennium for which they were granted and are to be reapproved in writing to remain in force for the ensuing biennium.

It is recommended that agencies discuss any policy waiver requests in advance with their assigned agency accounting/financial reporting liaison.

Please submit written request to:

Office of the State Controller  
14 State House Station  
Augusta, Maine 04333-0014

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**1.10.50****How do I request OSC approval for an alternative policy or procedure?**

It is recommended that agencies discuss any alternative policy or procedure requests in advance with their assigned agency accounting/financial reporting liaison.

Please submit written request to:

Office of the State Controller  
14 State House Station  
Augusta, Maine 04333-0014

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**1.10.60****How to contact us**

Please contact us if you have questions about the policy manual.

Call: (207) 626-8420

Fax: (207) 626-8422

Or write:

Office of the State Controller  
14 State House Station  
Augusta, Maine 04333-0014

## **1.20**

### **How to Use This Manual**

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#### **1.20.10      How the manual is organized**

This manual is organized into Chapters, based on subject matter; Sections that define the major topics within each subject; and, Subsections, which document the actual policies related to each subject or topic.

This manual contains the following Chapters:

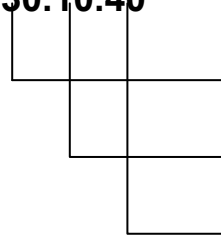
- 1 - Introduction
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**How the manual is numbered**

The manual has three layers of organization:

- Chapters - The major subjects of the manual
- Sections - he major topics within a subject
- Subsections - The actual policies

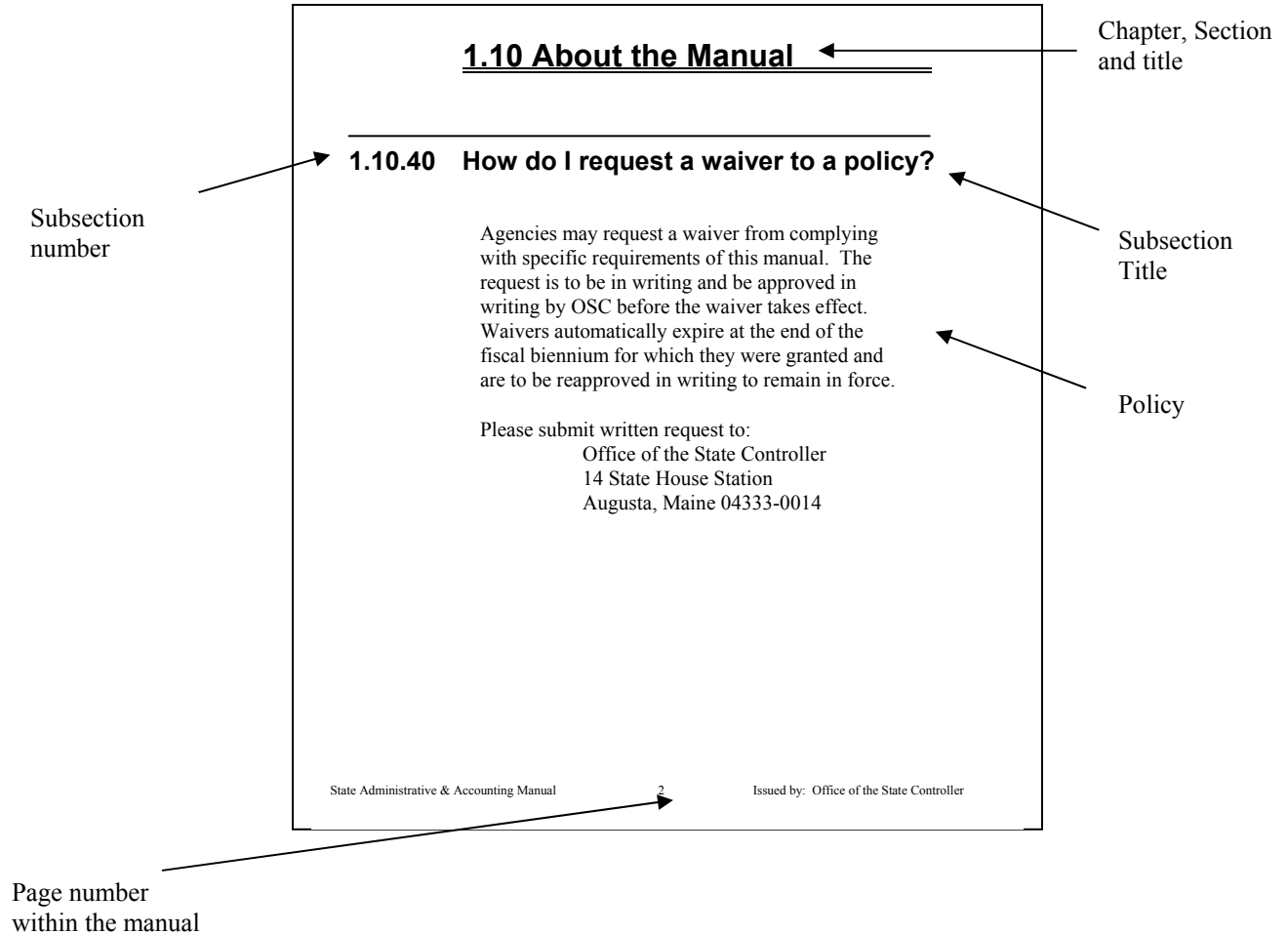
The policies in this manual are numbered using a three part code which reflects these levels.

**30.10.40**

The first number is the Chapter number.

The second number is the Section number.

The third number is the Subsection number.



## **1.30**

### **Code of Ethics for Government Financial Stewards**

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#### **1.30.10      Basis and development**

There is a recognized need for highlighting ethical decision-making in Maine State Government. This need to focus on ethics does not imply that State government leaders lack any ethical foundation on an individual basis. Rather, there is a need to ensure that institutional ethical codes are in place across the breadth of State government. The Office of the State Controller partnered with financial management representatives from several agencies across all branches of government to develop a Code of Ethics for Government Financial Stewards.

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#### **1.30.20      Importance of ethical principles**

As financial stewards in government, it is important to establish the ethical principles that guide the work and decision-making of those persons entrusted with the responsibility for the stewardship of public funds and resources. We influence and control collecting, distributing, safeguarding and accounting for public funds in a political environment that should be transparent to all citizens. We have a special obligation to ensure that public funds are properly managed in accordance with applicable laws and regulations for the public good in a manner that is beyond reproach.

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#### **1.30.30      Purpose and scope**

The Code provides ethical ideals to which to aspire. The principles of the Code are expressed in broad statements to guide ethical decision-making. It is a living document, meant to mature with experience and input from our membership. A clear statement of the Code of Ethics which guides financial stewards in Maine State Government is both an assurance to the People and an aid to our efforts towards strengthening internal controls and accountability. The Code of Ethics has been incorporated into the State Administrative and Accounting Manual, prepared by the OSC in accordance with Title 5 MRSA, Section 1541-A. Agencies should make a copy of the Code available to all employees with financial responsibilities, ideally as part of the documentation of financial procedures in the Department Internal Control Plan.





## **Role and Responsibility of Government Financial Stewards**

The State of Maine has adopted a Code of Ethics for financial stewards in State government. This Code establishes standards of behavior and guidance for government financial stewards to make ethical decisions. These standards provide a framework; they cannot and do not dictate conduct to cover particular situations. Ethics is a matter of personal responsibility. Our commitment to act ethically ensures the highest quality of performance and inspires public confidence in our stewardship of the resources entrusted to us.

The State of Maine expects that its employees will serve the public interest in accordance with the highest ethical principles. The government and the public at large rely on government financial stewards for sound accounting and reporting and effective financial management. The public expects that those who serve in government are trustworthy. We strive to provide unique services at a level that demonstrates that the public confidence is firmly founded. As government financial stewards, we are accountable to our employers, our peers and the public. To accomplish this, we must:

- Understand and abide by the laws, regulations, rules, professional standards and expectations of our positions.
- Accept personal responsibility for the consequences of our actions and inaction.
- Recognize, understand and consider the differing perspectives and priorities between program effectiveness and fiscal responsibility in all decision-making.

## **Standards of Behavior**

In order to achieve our objectives, we must observe certain fundamental principles, which comprise the Code of Ethics. These principles include guidelines for our personal behavior, standards of professional competence and performance, and our overall responsibilities to those we serve.

### **Personal**

As a matter of personal commitment, **We:**

- ➔ Conduct ourselves with integrity, dignity, fairness and respect for others.
- ➔ Respect privileged and confidential information and use that information appropriately, not for personal advantage.
- ➔ Engage only in activity that is free from real or perceived conflict of interest with our employer-related responsibilities and refrain from using public resources for personal or political gain.
- ➔ Adhere to the standards of conduct of Maine State Government and any relevant professional associations or organizations of which we are members.

## **Professional**

To inspire public confidence and trust in our abilities to manage the resources entrusted to us, **We:**

- ➔ Perform our duties and supervise subordinates with the highest degree of professional care.
- ➔ Continually increase our professional knowledge and skills to improve the services we provide to our employer, our peers and the public.
- ➔ Take actions and make decisions timely and only in areas where we have appropriate expertise and have considered available pertinent facts.
- ➔ Exercise diligence, objectivity, independence and honesty in all activities and disclose improprieties that come to our attention.
- ➔ Understand and uphold both the spirit and the letter of all laws, regulations, rules, professional standards and expectations of our positions.

## **Responsibilities to Others**

In order to meet our obligations to the public and our employer, as well as promote the objectivity and integrity of our peers, **We:**

- ➔ Consider the public interest to be paramount and diligently guard public resources.
- ➔ Manage the resources entrusted to us with prudence and integrity, accounting for and reporting on those resources in a manner that is accurate, complete and transparent.
- ➔ Serve the State with respect, concern, courtesy and responsiveness, recognizing that government service is service to the people of Maine.
- ➔ Approach organizational and operational duties with a positive attitude and constructively support open communication, cooperation and dedication.

# **Ethical Decision-Making**

In order to make ethical decisions, we must meet all of the following objectives:

## **Credibility**

We base all of our decisions on accurate and comprehensive information, consider all input thoroughly and equitably, communicate our decisions honestly and act on them with integrity.

## **Accountability**

We manage, account for and report government financial resources in accordance with all applicable standards, in a manner that is accurate, complete and transparent.

## **Quality of Services/Professionalism**

We provide timely, responsive service with the highest level of competence and objectivity.

## **Confidence**

We actively promote and encourage the highest level of ethics within the government financial management community and are confident that this framework of professional ethics governs the services that we provide.

## **Definitions**

### **Code**

The Code of Ethics for Financial Stewards in Maine State Government.

### **Diligence**

Pursuing an event, action or assignment to a timely and sufficient end or close.

### **Government Financial Management Activities**

Activities associated with the operation and control of the fiscal and administrative matters of government(s), including but not limited to accounting, auditing, budgeting, financial reporting, grants management, procurement and systems as well as associated activities such as human resource administration, training and education.

### **Government Financial Steward**

An employee of Maine State Government engaged in or responsible for government financial management activities.

### **Honesty**

Active regard for the standards of one's profession, calling, or position implying a refusal to lie, steal, or deceive in any way.

### **Impropriety**

An improper act not in accord with fact, truth, or right procedure.

### **Independence**

Freedom from real or perceived impairments, whether mental, physical, relationships, financial or other.

### **Integrity**

Firm adherence to a code of especially moral values implying trustworthiness and incorruptibility.

### **Objectivity**

A combination of impartiality, intellectual honesty and a freedom from prejudice, bias and conflicts of interest or the influence of others, whether real or perceived.

### **Privileged and Confidential Information**

Information that is intended for or restricted to the use of a particular person, group, or class, acquired by virtue of public office or from another public servant, which is not subject to disclosure for reasons of security or statutes.

### **Professional Associations and Organizations**

Any body or group of individuals bound together by a professional discipline or interest related to public financial management to enhance and further the goals and objectives prescribed by that body or group. Examples include the Association of Government Accountants, the American Institute of Certified Public Accountants, the Government Finance Officers Association, and the Institute of Internal Auditors.

### **Prudence**

The ability to govern oneself by caution, reason, skill and good judgment in the use of resources.

### **Respect**

To consider worthy of high regard, giving particular attention, continuous and careful thought.

### **Transparent**

Presented in a clear, logical, coherent order of arrangement that is free from obscurity, ambiguity, restriction, limitation or deceit such that it is easily and readily understood.

### **Standards of Conduct of Maine State Government**

Specific requirements for public employees and officials in the Maine Revised Statutes, including among others: Title 5, Sections 18, 19 and 20; Title 17, Section 3104; and, Title 17-A, Sections 601 through 609.